

SECRET
SECURITY INFORMATION

28 August 1952

US OFFICIALS ONLY

OCI No. 8863
Copy No. 295

CURRENT INTELLIGENCE DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

DIA, DOS Declassification/Release Instructions on File

This digest of significant reports has been prepared primarily for the internal use of the Central Intelligence Agency. It does not represent a complete coverage of all current reports received. Comments represent the immediate views of the Office of Current Intelligence.

SECRET
SECURITY INFORMATION

207666/1

SECRET

THIS MATERIAL CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE LAWS, TITLE 18, USC, SECS. 793 AND 794, THE TRANSMISSION OR REVELATION OF WHICH IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

* * *

GENERAL

1. Pravda says Mao has greatly enriched Marxist theory: The Chinese Communist Party under Mao has adapted Marxism-Leninism to China "not dogmatically, but creatively... thus greatly enriching the Marxist theory," according to a Pravda review of the publication of the first volume of Mao's "Selected Works" in the USSR. Pravda stated that the "Soviet people will study Mao Tse-tung's works, which embody the firm friendship of the two great peoples, with intense interest." (R FBIS [REDACTED] 26 Aug 52) 25X1A

Comment: As far as is known, this is the first time that Soviet sources have originated comment, rather than quoting Chinese Communist statements, regarding Mao's "creative" contribution to Marxist theory.

SOVIET UNION

2. Ambassador Kennan analyzes changes in party structure: Ambassador Kennan points out that a Pravda article of 26 August confirms that the establishment of a Presidium merely formalizes an already existing situation. The article suggests that since the war, control over the party apparatus has rested with the Secretariat.

The Ambassador comments that under the arrangement now to be formalized, lesser members of the Politburo, and even Molotov himself, have apparently been excluded from control over personnel, which would also mean control over the delicate question of future succession. This latter function has apparently been delegated to Malenkov and a few people under him, working within the framework of the Secretariat and receiving general guidance from Stalin.

SECRET

SECRET

3. Chou En-lai mission to Moscow overshadowed by Soviet attention to Party Congress: The arrival of Chou En-lai in Moscow and his meetings with Vyshinsky and Stalin have been reported with little emphasis by the Soviet press. The press coverage of the Chinese mission is similar in volume and content to the coverage of Mao's visit to Moscow in December 1949.

The Party Congress, which was announced two days after the arrival of the Chinese delegation, has completely overshadowed the Sino-Soviet talks. Chou's interview with Stalin on 20 August, which coincided with the announcement of the Congress and the Plan, was reported in one short news item, in contrast to the saturation broadcasting on the Party Congress and the Five-Year Plan.

The Satellites have apparently been given no directives as to the correct line to take in regard to the Sino-Soviet talks. The Satellite press reported the Chou mission factually, with no comment or speculation; in contrast, there was a ready propaganda response from all the Satellites in regard to the Party Congress and the Five-Year Plan. (Factual data from: R FBIS 18, 19, 20, 21 Aug 52; R Vienna 523, 22 Aug; Bucharest 58, 22 Aug; Praha 118, 22 Aug; Warsaw 93, 22 Aug; Budapest 164, 22 Aug; Warsaw 95, 24 Aug 52)

EASTERN EUROPE

4. Italian sources circulate rumor that Albanian premier is in disfavor: Strong rumors persist in Rome that Albanian Premier Hoxha is in "gross disfavor" with the Kremlin. A Rome broadcast on 19 August alleged that Radio Moscow had announced Hoxha's resignation. (S Rome MAR 2480, 26 Aug 52; R FBIS [REDACTED] 19 Aug 52) 25X1A

Comment: On 20 August Hoxha addressed the Third Congress of the Albanian Trade Unions. While there is evidence that conditions in Albania are unstable, there is no confirmation of reports that Hoxha is on the way out.

5. Economic difficulties may be reflected in Bulgarian propaganda: According to an editorial published in Rabotnichesko Delo on 4 August, Bulgaria's most important economic and political goal during 1952 must be to surpass the production level scheduled for 1953, thereby fulfilling the Five-Year Plan in four years. The article stated that this would demand intense effort, and that constant expansion and intensification of socialistic competition in every branch of the economy were required if the goal was to

SECRET

SECRET

be reached. (U Summary of World Broadcasts #337, 11 Aug 52)

Comment: On 28 May, Premier Vulko Chervenkov stated: "Judging by the level of industrial production, the Five-Year Plan was fulfilled at the beginning of 1952." The Premier added that it was "obvious" that the plan would be fulfilled a year ahead of schedule.

Although the goal of fulfilling the Five-Year Plan in four years continues to be a primary theme in Bulgarian propaganda, the optimism manifested earlier this year has recently been tempered by considerable restraint. It is possible that this modification of the propaganda line has been occasioned by difficulties or failures in Bulgarian economic planning.

6. Hungary failing to meet coal production target for 1952:
The US Legation at Budapest calculates on the basis of published Hungarian data that Hungary is producing only 15 million tons of coal annually, although the Five-Year Plan target is 18.5 million tons for 1952. The Legation also estimates that the output per man shift is probably lower than before the war.

The Deputy Chief of the Hungarian Mine Research Institute recently called upon miners to use machinery available in mines in order to raise the coal output per shift and meet the Five-Year Plan target. (R Budapest 181, 26 Aug 52)

Comment: The campaign to increase coal production recently has risen to a crescendo, with major stress on use of machinery. The official party organ on 23 August declared that only 6 of 41 combines in 17 mines were in operation. The newspaper termed non-use of machinery "sabotage."

Much of Hungary's mine machinery comes from the Soviet Union and not only is unfamiliar to local workers but is unsuited to the damp conditions in Hungarian mines.

7. Polish Government centralizes control over rural supply and purchase cooperatives: In a speech to the first congress of rural supply and purchase cooperatives on 25 August, Deputy Prime Minister Gede recommended that the Supreme Cooperative Council should be integrated in the national plan drawn up by the Ministry of Internal Trade. Gede added that the Council should be considered a powerful organization controlling almost all exchange between the towns and the countryside. The rural supply and purchase cooperatives, he said, should face the task of taking over non-quota surplus goods by contract and non-contract purchases. (R FBIS [REDACTED] 26 Aug 52)

SECRET

28 Aug 52

SECRET

Comment: In May the Polish Government transferred control over all agricultural machines to state machinery centers. The centralization of rural supply and purchase activities constitutes a further step towards government control of agriculture, and should strengthen the government's position with regard to future attempts at collectivization.

Since Gede also occupies the position of Minister of Foreign Trade, the move possibly may be connected with inter-Orbit economic cooperation.

8. Rumanian Liberation Day celebrated: The eighth anniversary of Rumania's alleged "liberation by the Soviet Army" was celebrated on 23 August. The usual military parade and fly-past were accompanied by the usual civilian trudge-past and speeches by Minister of the Armed Forces Emil Bodnaras, Vice Premier and Party Secretary Gheorghe Apostol, and Soviet trade union chief V. V. Kuznetsov. Kuznetsov conveyed greetings from the USSR, congratulated the Rumanians on their progress, and stressed the need for increased vigilance both at home and abroad as the advance toward socialism makes the class struggle more bitter. Vituperative references to Tito were limited and there was no mention of overthrow of the Tito regime, in contrast to last year's speeches by Voroshilov.

The American Legation in Bucharest noted that the Soviet delegation under Kuznetsov seemed rather low level compared with that headed by Voroshilov last year, but that this may be explained by the Chinese talks in Moscow. [REDACTED] reported that military participation appeared about the same as last year except for the display of some new armored cars, tractor-drawn medium artillery and heavy self-propelled guns recently received from the USSR. In addition, 27 YAK-23 jet fighter planes, which are apparently based at Ianca airfield in eastern Rumania flew past. No Soviet heavy tanks appeared. (R FBIS [REDACTED] 25 and 26 Aug; C Bucharest 59, 22 Aug; [REDACTED])

25X1A

25X1A

25X1A

9. Yugoslavs comment on Soviet Party Congress: The Yugoslav press on 23 August interpreted the timing of the forthcoming Soviet Party Congress as intended to provide an opportunity for the USSR to slander and harass Yugoslavia, and to eclipse the Yugoslav Party Congress, scheduled to convene on 19 October.

It is considered that the Congress in Moscow will not produce a new "program of Communism," as predicted by Zhdanov and Malenkov in 1947, but will be merely a monotonous reiteration of old phrases.

SECRET

SECRET

The role of Malenkov as principal speaker at the Congress is an indication of his increasing strength. Stalin's silence, on the other hand, is viewed not as a sign that he is fading away, but as a wise decision not to mouth theories that are unheeded in practice. In general, the Congress will concentrate on increasing the existing autocracy, while the possibility of changes in personnel and foreign policy are deemed unimportant. (U Belgrade 230, 23 Aug 52)

SECRET

SECRET

FAR EAST

10. ^{25X1X} North Korean labor mobilization office reportedly created: [REDACTED] a "North Korean Central Urban Trust" was established last April. This organization, subordinate to a military committee of the Ministry of Industry, was mobilizing laborers and technicians to construct public works and defense installations.

25X1X

The trust's branch offices throughout North Korea were recruiting, sometimes forcibly, men and women between the ages of 17 and 50 for the rehabilitation program. These recruits included many South Koreans who had retreated with the Communists in September 1950. The wage paid common laborers was scarcely enough to buy a day's ration of rice, and all employees found it difficult to leave their jobs.

25X1A

Comment: Sharply declining morale among North Korean civilians has reduced both the industrial and agricultural output in North Korea and has probably forced the Communist regime to institute harsher controls on the labor force. This is the first report of such a trust, however, and its existence is unconfirmed.

11. Nine high-ranking Nationalist officers reportedly executed for corruption: Nine high-ranking Nationalist officers reportedly were executed in August by order of Chiang Kai-shek. They were accused of selling US-made uniform material intended for Nationalist troops and substituting a cheaper Communist-made material. Only three of the nine men were sentenced to death by the military court, but Chiang was so irritated by this obvious case of corruption that he ordered all nine executed.

25X1X

[REDACTED] is convinced that the exchange of materials was engineered by Chiang Ching-kuo's Political Department to obtain additional funds for operations. [REDACTED]

25X1A

Comment: The source's explanation does not appear true. Chiang Ching-kuo exercises sufficient influence with his father to have saved these men, if he so desired.

Numerous reports have credited Chiang Kai-shek with sincerely attempting to decrease corruption among Nationalist officials.

SECRET

SECRET

12. Additional details of Chinese rice sale to India reported: The Chinese Communists reportedly signed a secret agreement with India last May whereby the Chinese would be permitted to ship unlimited amounts of rice through India to Yatung in Tibet, and India would purchase 100,000 metric tons of rice at Shanghai or Canton for 581 rupees per ton.

25X1A

Comment: The general outlines of the above agreement were announced in May, although it was not known that they were part of the same agreement. The amount of rice which can be shipped to Tibet is limited by the difficult mule trail from Gangtok through Sikkim. The Chinese reportedly plan to ship ten tons of rice a day over this route, using about 2,000 mules, and reportedly have armed guards on the part of the route which is inside Tibet.

The reported price of 581 rupees per ton, equivalent to \$122, is about 20 percent less than the export price of Thai and Burmese rice in May. If this price is correctly reported, it is evident that India was given highly favorable terms, probably for political reasons.

13. ^{25X1X} Police chief's intimidation may force Thai Premier to resign:

25X1X

Premier Phibun may be forced to resign because of intimidation by powerful Police Director General Phao.

If Phao succeeds Phibun as premier, the source believes that his position will be constantly threatened by Army General Sarit and his Bangkok troops.

25X1A

25X1A

Comment: Numerous reports indicate that Phibun's ability to maintain his position by playing his adversaries off against each other has diminished and that he may actually be forced to resign. Most observers doubt, however, that Phao will become premier without first eliminating Sarit.

SECRET

SECRET

SOUTH ASIA

14. Preparation intensified for All-India Peace Congress:
The All-India Peace Congress will hold its third session from 12 to 14 September in Jullundur, Punjab, according to a Peiping radio report. Leaders of the peace movement are taking extensive tours to publicize the meetings. The report names the prominent leaders of the group and the areas where they will concentrate their efforts. (R FBIS [REDACTED] 25 Aug 52)

Comment: The directors of this group are secondary leaders of the Indian Communist Party or its more prominent fellow-travellers, some of whom have recently returned from extended visits in the USSR and China. Both the location of this session and the areas which these leaders will visit have recently been the scene of allegedly Communist-inspired disturbances. Moreover, these areas are either anti-Congress or Communist strongholds where the Communists are increasing their activities against the Congress government.

NEAR EAST - AFRICA

15. Bey continues to delay reply on French reform proposals:
According to a French Residency official, the Bey told the Tunisian Prime Minister that a reply regarding the proposed French reforms might not be ready for a "week, two weeks, a month: why do you bother me?"

Residency officials also stated that one of the reasons the Bey cannot reply now is because a disagreement has arisen within the four-member drafting committee. In addition, the Jewish member has left for France, leaving behind him an agitated Jewish community which feels that the Jews are becoming too deeply involved in local politics. (C Tunis 60, 63, 25 Aug 52)

Comment: Since other members of the Bey's advisory council have made trips to Paris to consult government officials, the departure of the Jewish member does not necessarily bear out the French interpretation that a rupture has occurred. The Residency has previously exaggerated racial animosities between the Jewish and native communities.

SECRET

SECRET

16. Tunisian nationalist suggests modifications of French program: The Neo-Destour representative in Paris has suggested to the American Embassy that French-Tunisian understanding might be reached if a "homogeneous" government were established within a fixed period. Under such an arrangement, the French could continue to handle foreign affairs and external security; a bilateral agreement could govern the economic relationship. The Tunisians would accept in principle an elective all-Tunisian assembly, with procedures to be determined later, but they stipulated that Tunisian citizenship would be a prerequisite for any individual of French origin who participated in deliberative bodies. Finally, all repressive measures should be removed and political detainees released, including Bourghiba who might be allowed to reside in France. (C Paris 1219, 26 Aug 52)

Comment: These proposals parallel the French program now under study by the Bey's advisory group, at the same time closely adhering to the October 1951 demands of the Chenik cabinet. They may indicate the tenor of the Bey's eventual reply to France.

The statement with regard to Bourghiba is another indication that rival nationalist leaders are ascendant and would prefer his permanent absence from Tunisia.

SECRET

SECRET

WESTERN EUROPE

17. Reorganization of Soviet Control Commission in East Germany reported imminent: American officials in Germany consider it "quite possible" that "complete reorganization" of the Soviet Control Commission (SCC) in East Germany may be imminent. Unconfirmed reports state that leading personalities of the SCC are to be replaced by new arrivals from the Soviet Union and that "field administration" is to be adjusted to conform with the new district administration of the East German Government.

Reports that important functions of the SCC will be transferred to the Central Committee of the Socialist Unity Party and that the SCC will in the future supervise without "direct interference" may, in the opinion of American officials in Germany, presage some kind of Soviet-East German "peace treaty." (S CINCUSAREUR Heidelberg Weeka 34, F-6, 25 Aug 52)

Comment: Although it is likely that some Soviet adjustments to the reorganization of the East German Government will ultimately be made, these reports of imminent overhauling of the SCC appear somewhat premature and contradictory within themselves. The reportedly planned retention, for example, of local resident officers subordinate to the SCC and to local army commanders appears to run counter to the current centralization of authority within the East German Government under top-level supervision of the SCC.

25X6



SECRET

SECRET

19. France may seek American concessions for ratification of EDC treaty: France may still attempt to use ratification of the EDC treaty as a lever to force additional American support for French policy. This was suggested by a Foreign Ministry spokesman's explanation of a reference to "related problems" in Schuman's message to Secretary Acheson on the US Senate's approval of the contractual agreement.

Schuman's statement that French ratification of the Bonn and Paris treaties would involve more difficulties was interpreted by the spokesman as referring to stronger American support in Indo-China and North Africa and to additional assurance against German secession from the EDC. Such assurances would involve replacement by American or British troops of any divisions withdrawn by the Germans. (C Paris 1196 and 1216, 25 and 26 Aug 52)

20. Morale of Austrian Communist Party reported low: Austrian government officials who follow Communist affairs closely believe that Austrian Communist Party (KPOe) optimism that economic deterioration would provide opportunities for Communist exploitation has given way to great pessimism throughout the party hierarchy. They attribute this development to the party's serious financial difficulties, public apathy toward Communist propaganda efforts, and lack of Soviet support for the party's activities.

These Austrian officials state that the Austrian Communists were particularly dismayed by the absence of a clear-cut Soviet reaction to the initialing of the West German contractual agreement and by the failure of West German Communists to organize "strong resistance." Plans of the Austrian Communists to support the "fierce and decisive struggle" were completely cold-shouldered by the Administration of Soviet Enterprises (USIA), which continued to emphasize the necessity for expanded commercial contacts between it and the West. (S Vienna Desp 152, 21 July 52)

Comment: The Soviet occupation, after apparently considering increased support for the KPOe, is again contemptuous of the Austrian Communists as instruments of Soviet policy. Soviet economic interests may account in considerable degree for present Soviet satisfaction with the status quo in Austria.

21. Swiss resist new discussions with US on East-West trade controls: High Swiss officials oppose the sending of a special American mission to discuss additional Swiss controls on East-

SECRET

SECRET

West trade, according to the American Minister in Bern. He states that the pressure such a mission would have to exercise on the Swiss during its short visit would be disproportionate to probable gains, and recommends that the Legation itself undertake such negotiations over a period of time. (S Bern 225, 26 Aug 52)

Comment: The Swiss have efficiently enforced the East-West trade controls which they agreed upon in June 1951. Early in 1952, Swiss officials in Washington indicated there would be little difficulty in arranging discussions regarding the extension of controls to include items added to the COCOM lists since June 1951. Although the Swiss may be merely trying to drive the best possible bargain, their present attitude may indicate that they wish to relate further controls to other problems between them and the United States.

LATIN AMERICA

25X1X

22. Former Soviet Legation funds reportedly being donated to Cuban Communist Party: [REDACTED] (PSP) stated in June that the party would receive \$5,000 a month from the USSR beginning in July. This amount was formerly allocated to the Soviet Legation in Havana for expenses, but because of the "break" in diplomatic relations between Cuba and the USSR, will now go directly to the PSP. The Soviet Embassy in Mexico City will give the money to a third party, who will deliver it to assigned Cuban Communist leaders for monthly transfers to Cuba. [REDACTED]

25X1A

Comment: The Cuban Communist Party has reportedly been in financial straits because of a reduction in party membership and the withdrawal of advertisements from Communist publications by large Cuban firms. This addition to the party's income should enable it better to carry out its varied activities.

SECRET